



## *Trade and Agriculture* **What's at Stake for Minnesota?**

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Minnesota is one of the leading producers of agricultural products and a major exporter. The State's farm cash receipts totaled \$7.5 billion in 2000. Minnesota ranked seventh among all 50 States in 2000 with agricultural exports estimated at \$2.2 billion. These exports help boost farm prices and income, while supporting about 32,000 jobs both on the farm and off the farm in food processing, storage, and transportation. Exports are increasingly important to Minnesota's agricultural and statewide economy. Measured as exports divided by farm cash receipts, the State's reliance on agricultural exports was 30 percent in 2000.

Minnesota's top five agricultural exports in 2000 were:

- # soybeans and products -- \$728 million
- # feed grains and products -- \$ 628 million
- # live animals and red meat -- \$230 million
- # vegetables -- \$169 million
- # animal feeds and fodders -- \$102 million

World demand is increasing, but so is competition among suppliers. If Minnesota's farmers, ranchers, and food processors are to compete successfully for opportunities of the 21st century, they need *fair trade* and *more open access* to growing global markets.

### **Minnesota Benefits From Trade Agreements**

Minnesota is already benefitting from a number of agricultural trade agreements. While there is much to be done, examples of market opportunities for Minnesota include:

- # Minnesota, the nation's fourth largest feed corn producer, benefitted under the North American Free Trade Agreement when Mexico converted its import licensing system for corn to a transitional tariff rate quota that will remain in effect until 2008. Under this system, the volume of U.S. corn exports to Mexico has nearly tripled since 1994, reaching 197 million bushels valued at \$486 million in 2000. Under the Uruguay Round agreement, the Philippines converted its import ban on corn to tariffs. This change helped support additional demand for 51 million bushels of U.S. corn from 1995 to 2000.
- # The nation's third largest soybean producer and fourth largest sunflower producer, Minnesota benefits as South Korea reduces its tariffs on soybean oil by 14.5 percent from 1995 to 2004. The tariff reduction has supported a threefold increase in export volume, with total sales reaching \$32 million in 2000. The Philippines is reducing its tariffs on soybean meal from 10 to 3 percent during the same period. This tariff reduction has supported a 40-percent increase in U.S. soybean meal exports that topped \$160 million in 2000.